

MEMORANDUM

To: Participants in EEU Budget Discussion; Vermont Electric Distribution Utilities

From: Susan M. Hudson, Clerk of the Board

Re: Future Actions in These Proceedings

Date: June 29, 2006

On June 25, 2006, the Department of Public Service ("Department") notified the Public Service Board ("Board") and the service list in this proceeding that it had found a significant error in its May 10, 2006, Vermont Electric Energy Efficiency Potential Study ("Study"). Because of the importance of this study in setting an appropriate budget level and the late date of the Department's filing, the Board does not believe that it has sufficient information to issue updated budget levels for the Energy Efficiency Utility ("EEU") in time for the 2006 budget levels to become effective with service rendered July 1. Instead, the Board will hold a workshop on July 19 and follow the schedule set out below with the intent of establishing rates that would be effective with service rendered August 1.

The workshop to address the Department's June 25 filing will be held on July 19, 2006, at 1:30 pm in the Board's Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier. Participants will have an opportunity to file any comments by July 26, 2006.

The Board would like the Vermont electric distribution utilities to file comments as soon as possible, but no later than July 13, 2006, addressing whether they would be able to modify their billing systems, given the schedule set forth in the schedule below, in time for the rates to become effective with bills rendered September 1, 2006.

Two components of the EEU budget levels that have not received significant discussion, but which must be resolved prior to finalizing the budget, are the budget levels for the Department's evaluation activities and the City of Burlington Electric Department's ("BED") energy efficiency programs. The Board is currently considering setting the budget levels for these two sets of activities at the same percentage as they are currently set in the present budget. The Department's evaluation budget is currently 3.3% of the total EEU

budget and BED's energy efficiency programs are currently 5.1% of the total EEU budget. The Board requests that participants file comments on this approach for calculating these two items with their July 26, 2006, comments.

The schedule for future actions necessary to revise the budget to become effective with service rendered August 1 and bills rendered September 1 is set forth below:

July 19, 2006	Workshop to address the Department's June 25 filing.
July 26, 2006	Comments on: (1) any matters discussed at the July 19 workshop; (2) the Department's June 25 filing; and (3) the Board's approach to establishing budget levels for the Department's evaluation activities and BED's energy efficiency programs.
August 3, 2006	Target date for the Board order establishing EEU budget levels.
August 8, 2006	Deadline for the Department to calculate and file rates.
August 15, 2006	Board issues notice of the final rates for bills rendered September 1.